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for Debtors and Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:

- ☐ X-TREME BULLETS, INC.,
- ☒ AMMO LOAD WORLDWIDE, INC.,
- ☐ CLEARWATER BULLET, INC.,
- ☐ FREEDOM MUNITIONS, LLC,
- ☐ HOWELL MACHINE, INC.,
- ☒ HOWELL MUNITIONS & TECHNOLOGY, INC.,
- ☐ LEWIS-CLARK AMMUNITION COMPONENTS, LLC,
- ☐ COMPONENTS EXCHANGE, LLC,
- ☐ All Debtors.

Debtors and
Debtors-in-Possession.

Jointly Administered under
Case No. 18-50609-btb with

Case Nos. 18-50610-btb; 18-50611-btb;
18-50613-btb; 18-50614-btb; 18-50615-btb;
18-50616-btb; and 18-50617-btb

Chapter 11 Proceedings

**STIPULATION REGARDING SALE OF
EQUIPMENT IN THE ORDINARY COURSE
OF BUSINESS**

[No Hearing Set]

This Stipulation Regarding Sale of Equipment in the Ordinary Course of Business (“Stipulation”) is entered into by and among Howell Munitions & Technology, Inc. (“HMT”) and Ammo Load Worldwide, Inc. (“ALW” and, together with HMT, the “Debtors”), debtors and debtors-in-possession, on one hand, and Z.B., N.A., dba Zions First National Bank (“Zions”) and the Official Committee of Unsecured Creditors (“Committee”), on the other hand, by and

1 through their respective counsel, and is made with reference to the following facts and
2 circumstances. The Debtors, Zions, and the Committee are referred to herein, collectively, as
3 the "Parties."

4 **RECITALS**

5 A. On June 8, 2018 ("Petition Date"), the Debtors and related debtors filed petitions
6 for relief under Chapter 11 of the Bankruptcy Code commencing these cases. The Debtors are
7 managing and operating their businesses as debtors-in-possession pursuant to Sections 1107
8 and 1108 of the Bankruptcy Code.

9 B. ALW builds, refurbishes, and sells refurbished machinery in the ordinary course
10 of its business.

11 C. On September 14, 2018, the Debtors received from Sig Sauer, Inc. ("Sig Sauer")
12 an offer ("Offer") to purchase certain equipment identified as "BRUT Headturn/Trim Machine"
13 ("Equipment") for \$95,000. The Equipment was purchased by the Debtors prior to the Petition
14 Date and subsequently refurbished by ALW in the ordinary course of its business. A true and
15 complete copy of the Offer is attached hereto as Exhibit "1" and is incorporated herein by this
16 reference.

17 D. The Debtors have determined to sell the Equipment to Sig Sauer pursuant to the
18 terms of the Offer ("Sale").

19 E. The Debtors assert that the Sale is the type of transaction that (i) other similarly
20 situated businesses in the Debtors' industry would enter into in the ordinary course of business,
21 and (ii) creditors of the Debtors would reasonably expect the Debtors to enter into in that ALW
22 is in the business of refurbishing and selling equipment. Therefore, the Debtors assert that the
23 Sale represents a transaction in the ordinary course of the Debtors' business under the standards
24 adopted by the Ninth Circuit Court of Appeals in In re Dant & Russell, 853 F.2d 700 (9th Cir.
25 1988).

26 F. Both Zions and the Committee acknowledge and agree that the Sale represents a
27 transaction in the ordinary course of the Debtors' business and, accordingly, that the Debtors
28 may effectuate the Sale without notice to creditors or a hearing thereon.

1 G. Zions asserts that Zions holds a secured claim in the amount of approximately
 2 \$17,529,219 ("Zions Claim") against the Debtors and related debtors and that the Zions Claim is
 3 secured by duly perfected first-priority liens encumbering substantially all of the Debtors' assets,
 4 including the Equipment.

5 H. Zions has demanded, and the Debtors have agreed, that the proceeds of the Sale
 6 ("Sale Proceeds") will be paid by the Debtors directly to Zions. In order to satisfy the concerns
 7 expressed by the Office of the United States Trustee regarding the payment of pre-petition
 8 claims outside of a Chapter 11 plan, Zions has agreed to hold the Sale Proceeds in a segregated
 9 trust account pending further order of the Court.

10 I. Out of an abundance of caution, the Debtors desire to obtain from the Court an
 11 order authorizing the Sale as a transaction within the ordinary course of the Debtors' business.
 12 Zions and the Committee have evaluated the proposed Sale, support the Sale, and agree that the
 13 Sale is within the ordinary course of the Debtors' business and that proceeding with the Sale
 14 pursuant to this Stipulation is a prudent, economical, and efficient means of resolving any issue
 15 that may exist regarding the Debtors' right to effectuate the Sale. Accordingly, the Debtors,
 16 Zions, and the Committee support to the Sale in the ordinary course of the Debtors' business,
 17 subject to an order of this Court approving this Stipulation.

18 STIPULATION

19 **NOW THEREFORE**, in consideration of the above Recitals, and for good and valuable
 20 consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the
 21 Parties, by and through their respective counsel, hereby agree and stipulate as follows:

22 1. Subject to the approval of the Court, the Debtors are hereby authorized to sell to
 23 Sig Sauer the Equipment pursuant to the terms of the Offer, a transaction within in the ordinary
 24 course of the Debtors' business, without notice to creditors or a hearing thereon.

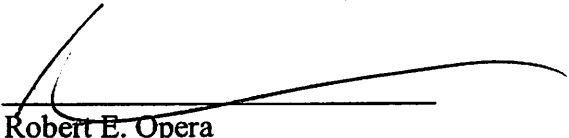
25 2. The Sale Proceeds will be paid directly by the Debtor to Zions and Zions will
 26 hold the Sale Proceeds in a segregated trust account pending further order of the Court.

27 3. The Debtors reserve all rights to object to the Zions Claim.
 28

1 4. No further notice or hearing shall be necessary to effectuate the terms and
2 conditions of this Stipulation.

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4 **WINTHROP COUCHOT**
 GOLUBOW HOLLANDER, LLP

5
6 Dated: October 3, 2018

By: 
Robert E. Opera
Andrew B. Levin
Counsel for Howell Munitions & Technology, Inc.
and Ammo Load Worldwide, Inc.

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10 **HOLLAND & HART LLP**

11 Dated: October 3, 2018

By: /s/ Timothy A. Lukas
Timothy A. Lukas
Counsel for Z.B., N.A.
dba Zions First National Bank

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15 **GOLDSTEIN & MCCLINTOCK LLLP**

16 Dated: October 3, 2018

By: /s/ Thomas R. Fawkes
Thomas R. Fawkes
Counsel for the Official Committee of Unsecured
Creditors

EXHIBIT “1”

